PRESS RELEASE

innate pharma

INNATE PHARMA REPORTS 2008 FINANCIAL RESULTS:

STABLE OPERATIONAL EXPENSES AND EXPANDED R&D PORTFOLIO

- ***New monoclonal antibody candidates further strengthen broad portfolio***
- ***Cash runway into 2011 covers programs through next value inflection points***
- ***Robust clinical news flow and corporate development opportunities in 2009***

Marseilles, February 27, 2009

Innate Pharma SA (the "Company"), a clinical stage biopharmaceutical company specialized in turning novel targets into first-in-class immunotherapy drugs for cancer and other severe diseases, reports today its financial results for 2008. Unaudited consolidated financial statements are attached to this press release.

The key elements of these results are as follows:

- Operating revenue amounting 12.9 million euros (vs. 14.3 million euros in 2007), primarily from the Novo Nordisk A/S strategic collaboration as well as research tax credit;
- Stable research and development expenses of 23.9 million euros (vs. 23.4 million euros in 2007); includes 9.4 million euros in clinical costs (vs. 8.7 million euros in 2007). The net loss amounts to 9.9 million euros (vs. 8.9 millions euros in 2007); and
- Cash runway until 2011; by current industry standards, strong balance sheet with 33.8 million euros in cash, cash equivalents and current financial instruments and 10.4 million euros in research tax credit expected to be refunded in 2009 (6.0 million euros already refunded in February 2009); 8.4 million euros in indebtedness, including 5.2 million euros for the long-term financing of property and equipment.

During the year 2008, Innate Pharma's portfolio of drug candidates was significantly strengthened, notably for monoclonal antibodies, with:

- The acquisition from Novo Nordisk A/S of the exclusive rights to IPH 2101, a monoclonal antibody currently in Phase I clinical trials in cancer. Data from these trials as well as entry of IPH 2101 in Phase II trials are expected in 2009; and
- The progress in pre-clinical validation development of two other proprietary monoclonal antibodies and notably of IPH 4201, a cytotoxic antibody developed for the treatment of pancreatic cancer, one of the most severe unmet medical needs.

The three Phase II clinical trials evaluating IPH 1101, the Company's lead gamma delta T cell compound and most advanced program, are expected to deliver data in 2009.

In the Toll-Like Receptors (« TLR ») platform, two lead RNA-based drug candidates were selected, IPH 3102, a TLR3 agonist, and IPH 3201, a TLR7/8 agonist. These programs are currently in pre-clinical validation development.

The productive 5-year collaboration with Novo Nordisk A/S is contractually due to terminate by the end of March 2009. The licence agreement continues on two programs. Importantly, the collaboration provided significant funding for Innate Pharma's discovery and development engines. Innate Pharma and Novo Nordisk A/S have jointly developed four antibody programs, and in the process, the Company developed a significant expertise in monoclonal antibodies, one of the most dynamic sectors of the pharmaceutical industry.

Finally, the Company moved its main laboratories into new facilities at the end of 2008. The lease-financing of these premises was made at satisfactory credit conditions and should enable Innate Pharma to develop its plan in favourable operating conditions.

"*After a year of strengthening our fundamentals in 2008, we have successfully expanded Innate Pharma's already broad portfolio in a very focused way, de-risking significantly the Company as a whole."* said Hervé Brailly, CEO of Innate Pharma. He added: *"Not only do we have multiple promising drug candidates, but we also enjoy a strong cash position and expect a significant news-flow in the near future. We are confident that the opportunities ahead in the clinic and in business development will create value not only in 2009 but also over the longer-term."*

Update on 2008 achievements and outlook for 2009:

- **Most-advanced program:**

During 2008, the Company published the results of its first Phase IIa clinical trial with **IPH 1101** (a gamma delta T cell agonist) in renal cell cancer and made progress in its three other ongoing Phase IIa clinical trials.

- Type C viral hepatitis ("HCV"): Recruitment was completed in early 2009. Results (3-month read-out for primary efficacy endpoint) are expected in the second quarter of 2009.
- Chronic myeloid leukemia ("CML"): Enrolment in the study was stopped after the recruitment a first cohort of 14 patients that will allow a per protocol interim analysis. Results of the analysis of this first stage (i.e. 3-month read-out for primary efficacy endpoint) are expected during the second quarter of 2009
- Follicular lymphoma ("fNHL"): The trial is recruiting. Interim results are expected during the third quarter of 2009 and final results are expected at the end of the year 2009.
- Metastatic renal cell cancer ("mRCC"): As communicated in May 2008, the objective for the primary efficacy endpoint was not met. The drug candidate showed an excellent safety profile and a marked pharmacodynamic effect, thus confirming the dosage chosen for the other clinical trials. The decision was made not to pursue the development of IPH 1101 in this indication and with this therapeutic regimen.

As of today, the Company does not plan to finance a Phase III program with IPH 1101 on its own resources. Phase II data should open a window for partnering discussions.

- **Monoclonal antibodies:**

IPH 2101 (anti-KIR):

The Company acquired the rights to this drug candidate in October 2008 as part of a transfer agreement with Novo Nordisk A/S. The transfer of the responsibility of this program was completed in early 2009, and Innate Pharma is now sponsor of the ongoing Phase I clinical trials in acute myeloid leukemia ("AML"), conducted in France, and multiple myeloma ("MMy"), conducted in the USA. The results of these trials are expected in the second part of 2009. During 2009, Innate Pharma plans to initiate a program of Phase II clinical trials with IPH 2101, starting with a proof-of-concept trial in multiple myeloma which should deliver results by early 2011.

IPH 2201, 2301 and 24 (out-licensed to Novo Nordisk A/S):

These monoclonal antibody programs are developed by Novo Nordisk A/S in inflammation and auto-immune diseases:

- IPH 2201 (NN8765) is currently in regulatory pre-clinical development. Innate Pharma is eligible to milestone payments as well as to royalties on future sales.
- IPH 2301 (NN8555) entered regulatory pre-clinical development (M1 milestone) in May 2008. Innate Pharma received an undisclosed milestone payment for this achievement. As part of the transfer agreement with Novo Nordisk A/S announced in October 2008, Innate Pharma no longer holds rights to this drug candidate.

- IPH 24, a new antibody project, developed in inflammation, has entered in pre-clinical validation at Novo Nordisk A/S in the beginning of 2009. Innate Pharma received an undisclosed milestone payment for this achievement. The Company is eligible to royalties on future sales on the antibody from this project.

IPH 4201 (pancreas):

The entry into pre-clinical validation development (M0 milestone) with IPH 4201 was reached in 2008. This drug candidate targets a specific antigen of pancreatic cancer, an indication with very significant unmet medical need. Next steps in development will include the study of its activity in *in vivo* models as well as the development of the manufacturing process at an industrial scale.

IPH 4101 (cutaneous lymphoma):

IPH 4101 targets an antigen found on certain cutaneous T cell lymphomas such as Sezary Syndrome and transformed mycosis fongoides, two orphan cancer indications. At the beginning of 2009, the Company announced the execution of an agreement with French company Vivalis for the set up of an industrial process and the manufacturing of clinical batches of IPH 4101.

This collaboration, executed in January 2009, received an Oseo (French innovation agency) grant of 6.7 million euros (of which 3.7 million euros to Innate Pharma), which should cover around 45% of development costs up until clinical proof-of-concept is reached with IPH 4101.

- **RNA-based compounds – TLR platform:**

In 2008, the Company selected a lead RNA-based TLR3 agonist, IPH 3102. Strengthening the proof of concept in cancer and vaccine adjuvantation in animal model is ongoing.

The vaccine adjuvantation potential of IPH 3201, a TLR7/8 agonist, is currently being evaluated.

Management discussion on unaudited annual results for 2008:

The unaudited consolidated annual IFRS financial statements as at December 31, 2008 are in appendix at the end of this document.

The table below summarizes the consolidated income statement for the 12-month period ending December 31, 2008, with a comparison to the same periods in 2007 and 2006:

	Year ended December 31		
In thousands of euros	**2006**	**2007**	**2008**
Revenue from collaboration and licensing agreements	6,195	8,688	7,364
Government financing for research expenditures	2,275	5,602	5,474
Non-core services	7	—	86
Operating revenue	**8,477**	**14,290**	**12,924**
Research and development expenses	(12,648)	(19,313)	(18,887)
General and administrative expenses	(3,069)	(4,068)	(5,043)
Net operating expenses	**(15,717)**	**(23,381)**	**(23,930)**
Operating income (loss)	**(7,240)**	**(9,091)**	**(11,006)**
Financial income / (expense), net	1,198	173	1,154
Net income (loss)	**(6,042)**	**(8,918)**	**(9,852)**

Operating revenue:

Currently, operating revenue is derived mainly from collaboration and licensing agreements as well as from government financing for research expenditure. Our operating revenue was 8.5 million euros, 14.3 million euros and 12.9 million euros for the fiscal years ending on December 31, 2006, 2007 and 2008, respectively, from the following sources:

	Year ended December 31		
In thousands of euros	**2006**	**2007**	**2008**
Revenue from collaboration and licensing agreements	6,195	8,688	7,364
Government financing for research expenditures	2,275	5,602	5,474
Non-core services	7	—	86
Operating revenue	**8,477**	**14,290**	**12,924**

Revenue from collaboration and licensing agreements

Revenue from collaboration and licensing agreements for the fiscal years ending on December 31, 2006, 2007 and 2008 mostly come from collaboration and licensing agreements signed in November 2003 and in March 2006 with Novo Nordisk A/S.

Variations in revenue for the fiscal years ending on December 31, 2006, 2007 and 2008 are explained by the structure of payments set forth in the said agreements. Revenue pertaining to the agreement with Novo Nordisk A/S can be broken down as follows:

- Research and development financing between April and December for 2006 and January and December for 2007 and 2008;
- A lump sum payment when the second agreement was signed, which was fully paid in 2006 but is spread out in accounting over the initially-scheduled period for the collaboration term, i.e. three years; and
- Milestone payments corresponding to:
  - in 2006, the filing of the first application for authorization to conduct clinical trials (initiation of the first Phase I trials) with IPH 2101, our then most advanced product in the collaboration;
  - in 2007, pre-clinical development milestones achieved with IPH 2201 (NN8765) and IPH 2301 (NN8555); and
  - in 2008, pre-clinical development milestone achieved with IPH 2301 (NN8555).

Following the acquisition from Novo Nordisk A/S of the exclusive rights to IPH 2101, as announced in October 2008, Innate Pharma is no longer eligible to any payment related to the development of IPH 2101 – which the Company now owns, or to IPH 2301, for which Innate Pharma transferred its entire share of rights to Novo Nordisk A/S in the context of the same transaction.

Government financing for research expenditure

The table below details government financing for research expenditure for the fiscal years ending December 31, 2006, 2007 and 2008:

	Year ended December 31		
In thousands of euros	**2006**	**2007**	**2008**
French and foreign subsidies	353	652	976
Research tax credit	1,922	4,950	4,498
Government funding for research expenditures	**2,275**	**5,602**	**5,474**

In 2006, we benefited from two subsidies from the Agence Nationale de la Recherche ("ANR"), for a total amount of 466 thousand euros of which 121 thousand euros were booked to the fiscal period. We also benefited from a European grant for 381 thousand euros, of which 54 thousand euros were booked to fiscal year 2006. Lastly, we received a grant from the “Ministère de l’Economie, des Finances et de l’Industrie”, in relation to our participation in the "Lyon Biopôle" cluster, for an amount of 1,126 thousand euros, of which 112 thousand euros were booked in the fiscal year.

For the fiscal year 2007, 162 thousand euros, 224 thousand euros and 266 thousand euros were booked respectively for ANR grants, European grants and the "Lyon Biopôle" cluster grant.

For the fiscal year 2008, 277 thousand euros, 191 thousand euros and 557 thousand euros were booked respectively for ANR grants, European grants and two "Lyon Biopôle" cluster grants (of which the “Platine” grant, granted in 2008 for 1,588 thousand euros, of which 142 thousand euros booked in 2008).

These subsidies directly impact our income statement, as opposed to repayable loans which are recorded as debt and thus only impact our balance sheet.

For the fiscal years ending on December 31, 2006 and 2007, the research tax credit was calculated based on 40% of the increase in research and development costs eligible for year N compared to the average research and development costs eligible for years N-1 and N-2 revalued each year by application of a weighting factor determined by law plus 10% of the amount of costs eligible for year N. For the fiscal years ending on December 31, 2008, the calculation of the research tax credit was modified, leaving only a calculation based on 30% of the amount of eligible expenses for the fiscal year.

The table below shows the amount of R&D expenses (net of subsidies) eligible for the fiscal years ending on December 31, 2006, 2007 and 2008:

	Year ended December 31		
In thousands of euros	**2006**	**2007**	**2008**
Net expenses eligible for the research tax credit	8,261	15,729	14,667

The research tax credit is usually reimbursed by the government during the fourth fiscal year following the one for which it was booked in the income statement, provided that it is not deducted from taxes due by the Company. The research tax credit determined for 2006 was reimbursed in 2007, subsequent to a change in legislation favoring the *Jeune Entreprises Innovantes* ("Young Innovative Companies*").* In the context of the French revised finance bill for 2009, the French government decided to immediately refund all research tax credit balance receivables as at December 31, 2008. The Company therefore expects its research tax credit balance as at December 31, 2008, amounting to 10.4 million euros, to be entirely refunded in 2009.

Net operating expenses by business function:

The table below gives a breakdown of net operating expenses by business function:

	Year ended December 31		
In thousands of euros	**2006**	**2007**	**2008**
Research and development expenses	(12,648)	(19,313)	(18,887)
General and administrative expenses	(3,069)	(4,068)	(5,043)
Net operating expenses	**(15,716)**	**(23,381)**	**(23,930)**

Research and development expenses include the cost of employees assigned to research and development operations (including employees assigned to work under the collaboration and licensing agreements), product manufacturing costs, subcontracting costs (research, pre-clinical and clinical development) as well as costs of materials (reagents and other consumables) and pharmaceutical products.

Our research and development expenses were 12.6 million euros, 19.3 million euros and 18.9 million euros for the fiscal years ending on December 31, 2006, 2007 and 2008, respectively. These expenses represented 80%, 83% and 79% of our net operating expenses for the fiscal years ending on December 31, 2006, 2007 and 2008, respectively. The relative reduction in research and development costs as a percentage of total operating expenses in 2008 compared to the fiscal years ending on December 31, 2007 is explained by a relative increase in general and administrative expenses.

General and administrative expenses include expenses for employees not working on research and development, as well as the expenses necessary for the management of the business and its development. General and administrative expenses were 3.1 million euros, 4.0 million euros and 5.1 million euros for the fiscal years ending on December 31, 2006, 2007 and 2008, respectively. This expense represents a total of 20%, 17% and 21% of the net operating expenses for the fiscal years ending on December 31, 2006, 2007 and 2008 respectively. This evolution is mainly the result of increasing costs for our support staff, notably the share-based compensation (IFRS 2 expense), the cost of the commencement in 2008 of our US operations as well as of the increasing costs of external services, notably in relation to the listing of our Company on the NYSE-Euronext regulated market in November 2006.

Net operating expenses by nature:

The table below gives a breakdown of net operating expenses by nature of expenses:

	Year ended December 31		
In thousands of euros	**2006**	**2007**	**2008**
Cost of supplies and consumable materials	(2,201)	(2,766)	(2,558)
Intellectual property expenses	(943)	(993)	(882)
Other purchases and external expenses	(6,907)	(12,007)	(11,947)
Employee benefit other than share-based compensation	(4,053)	(5,573)	(6,296)
Share-based compensation	(1,187)	(1,260)	(1,574)
Depreciation and amortization	(236)	(587)	(412)
Other income and (expenses), net	(189)	(195)	(261)
Net operating expenses	**(15,716)**	**(23,381)**	**(23,930)**

Cost of supplies and consumable materials

The cost of supplies and consumable materials totalled 2,201 thousand euros, 2,766 thousand euros and 2,558 thousand euros for the fiscal years ending on December 31, 2006, 2007 and 2008, respectively.

Cost of supplies and consumable materials were separated into two categories: (i) costs for manufacturing pharmaceutical ingredients and products and (ii) purchasing of products and consumables, broken down as follows for the fiscal years ending on December 31, 2006, 2007 and 2008:

In thousands of euros	Year ended December 31 2006	2007	2008
Cost of manufacturing products	609	1,241	710
Other consumable purchases	1,592	1,525	1,848
Cost of supplies and consumable materials	**2,201**	**2,766**	**2,558**

As we have no manufacturing facilities, we outsource the entire production process. Our most advanced product, IPH 1101, is manufactured by different subcontractors in several stages, from manufacturing the pharmaceutical ingredients to the intermediate stage of production, and eventually to the delivery of the pharmaceutical product.

The decrease in the cost of manufacturing products between 2007 and 2008 is explained by the decrease in the consumption of pharmaceutical products in 2008 in relation with the clinical trials performed by the Company with IPH 1101, itself explained by the decrease in the number of patients treated in these trials in 2008 when compared to 2007 as well as by a significant shipment in late 2007 of product vials to cancer centers in preparation of initiated clinical trials. The cost of manufacturing products in 2008 includes around 500 thousand euros in costs of batches that the Company had to destroy after these had past their expiry date.

Other consumable purchases include the cost of products consumed in our laboratories and by third parties with whom we collaborate notably during our clinical trials. They are summarized in the table below:

In thousands of euros	Year ended December 31 2006	2007	2008
Consumables	1,500	1,339	1,682
Pharmaceutical product purchases	92	186	166
Other consumable purchases	**1,592**	**1,525**	**1,848**

Consumable purchases mainly relate to laboratory reagents. In principle, changes in these purchases follow the changes in headcount assigned to research and development operations. Our average headcount assigned to research and development operations changed respectively from 46.0 to 58.5 then to 60.8 persons during the fiscal years ending December 31, 2006, 2007 and 2008, respectively. In 2007, the increase in the R&D headcount primarily involved scientific and medical supervisory personnel who are not directly related to laboratory research work.

In 2007, the Company has started an activity of immuno-monitoring of clinical trials. This activity, which should be span off in 2009 with the goal to create an independent business of immuno-monitoring services to be provided to third-party conducting clinical trials, required 216 thousand euros in purchase of pharmaceutical products in 2008.

Intellectual property expenses

Intellectual property expenses were 943 thousand euros, 993 thousand euros and 882 thousand euros for the fiscal years ending December 31, 2006, 2007 and 2008, respectively.

These costs include the cost of filing and protecting our patents (including patents for which we acquired the rights from third parties and assumed the costs for filing and protection under the terms of the agreements with the patent owners) as well as the costs for obtaining an option or license for intellectual property. Application of IAS 38, in light of the degree of maturity of the Company and the uncertainty that exists as to the outcome of our research and development projects, requires us to recognize all intellectual property expenses for the fiscal year in which we incur the costs.

The costs of filing and protecting our patents came to 302 thousand euros, 185 thousand euros and 202 thousand euros for the fiscal years ending on December 31, 2006, 2007 and 2008, respectively. We filed 58, 65 and 35 patent applications (initial applications or applications for extensions for our patents or patents we hold jointly with others) during the fiscal years ending on December 31, 2006, 2007 and 2008, respectively.

The costs of obtaining an option or license or acquiring intellectual property came to 641 thousand euros, 808 thousand euros and 680 thousand euros during the fiscal years ending on December 31, 2006, 2007 and 2008, respectively. We signed nine, three and one new option, licensing or acquisition agreements during the fiscal years ending on December 31, 2006, 2007 and 2008, respectively.

Other purchases and external expenses

Other purchases and external expenses came to 6.9 million euros, 12.0 million euros and 11.9 million euros during the fiscal years ending on December 31, 2006, 2007 and 2008, respectively, broken down as follows:

	Year ended December 31		
In thousands of euros	**2006**	**2007**	**2008**
Sub-contracting	4,080	8,065	7,498
Scientific consultancy and services	300	362	480
Leasing, maintenance and utility	782	924	1,183
Travel and conference costs	678	886	953
Non-scientific consultancy	618	920	902
Marketing, communication and public relations	207	555	498
Attendance fees	—	87	105
Others	242	208	328
Other purchases and external expenses	**6,907**	**12,007**	**11,947**

Sub-contracting expenses involve discovery research costs (financing research conducted externally, particularly academic research, antibody humanization technologies, manufacturing process development, etc.), pre-clinical development (pilot manufacturing, tolerance and pharmacology studies, etc.) and clinical costs (clinical trial management, etc.) outsourced to third parties.

The following table details these costs by category in the period under review:

	Year ended December 31		
In thousands of euros	**2006**	**2007**	**2008**
Discovery research sub-contracting	1,020	779	1,276
Pre-clinical sub-contracting	176	1,896	1,075
Clinical sub-contracting	2,883	5,389	5,147
Other sub-contracting	1	—	—
Sub-contracting	**4,080**	**8,065**	**7,498**

In 2006, discovery research sub-contracting notably comprised the development costs for IPH 1201 (continuation of manufacturing process development studies, dosage method research, "product/indication" combination study, development of an animal model and dosage effect studies) as well as the cost of manufacturing process development studies for IPH 3102. In 2007 and 2008, discovery research sub-contracting primarily involved IPH 3102, for which moving into the regulatory pre-clinical development phase was delayed due to a change in the development strategy.

The significant increase in pre-clinical sub-contracting between 2006 and 2007 is notably due to the toxicity studies with and the pharmaceutical development of IPH 1201. In 2008, pre-clinical sub-contracting was mainly related to the program IPH 1201, with the continuation of toxicity studies and pharmaceutical development initiated in 2007.

The increase in clinical sub-contracting costs between 2006 and 2008 is due to an increase in our clinical activities, particularly the start in 2006 of the Phase I/II and IIa exploratory trials with IPH 1101. Sub-contracted clinical services primarily concern services for monitoring trials, as well as data, statistics and pharmacolovigilance management outsourced to clinical research companies (*Contract Research Organizations*, or "CRO").

The Company decided in 2008 to cease the recruitment of patients in a clinical trial with one of its drug-candidates. The analysis of the first cohort of patients is ongoing and should be available in the second quarter of 2009. As at December 31, 2008, the Company had accrued for the total contractual expenses to be paid in 2009 in relation with this trial, i.e. 761 thousand euros, which are presented in the line item clinical sub-contracting.

Scientific consultancy and services consist of costs related to outside consultants assisting in the research and development of our products. It also covers fees paid to members of our Scientific committee. The increase in this item is in line with the increase in our research and development effort.

Leases, maintenance and utility costs cover rental costs and charges for our buildings in Marseille and Lyon. The Company moved to new, lease-financed premises at the end of 2008. In the leases, maintenance and utility costs accounted for in 2008 is a provision amounting 213 thousand euros to account for the rent to be paid up until the end of the commercial lease agreement of our former premises in Marseilles, in the first quarter of 2010.

Travel and conference costs include expenses for employee travelling and attending conferences, particularly business development conferences. The increase in this line item between 2006 and 2008 is explained by the increase in headcount and the development of our operations, with notably the commencement of our US operations in 2008.

Non-scientific consultancy are mostly fees paid to auditing firms, to our certified public accountant for his assistance in accounting, tax and employee matters, our lawyers for their assistance in negotiating collaboration and licensing agreements and general counselling assistance, to business strategy or development consultants and to recruitment fees. The increase in this line item between 2006 and 2007 is primarily due to our listing on the NYSE-Euronext regulated market on November 1, 2006, which resulted in a significant increase in our expenses for general counselling. In 2008, we notably incurred legal costs in relation to the execution of the agreement with Novo Nordisk A/S announced in October 2008.

Marketing, communications and public relations costs cover fees for our communication and public relations consultants, costs of developing and producing communication tools, such as our website and business reports. The steady increase in these three items over the period under review is principally due to the growth of our business but also due to the listing of the Company on the NYSE-Euronext regulated market in November 2006.

Employee benefit other than share-based compensation

Employee benefit other than share-based compensation came to 4.1 million euros, 5.6 million euros and 6.3 millions euros for the fiscal years ending on December 31, 2006, 2007 and 2008, respectively.

This includes salaries and social benefit costs. On average we had 60.5, 76.0 and 87.0 employees for the fiscal years ending on December 31, 2006, 2007 and 2008, respectively.

The distribution of employees working on research and development and employees working on support operations (general and administrative expenses) was as follows for the fiscal years ending on December 31, 2006, 2007 and 2008:

In thousands of euros	Year ended December 31 2006	2007	2008
Employees [1] at the beginning of the year (A)			
Research and development	41.0	51.0	66.0
General and administrative expenses	13.0	16.0	19.0
Total	**54.0**	**67.0**	**85.0**
Employees [1] at the end of the year (B)			
Research and development	51.0	66.0	63.0
General and administrative expenses	16.0	19.0	26.0
Total	**67.0**	**85.0**	**89.0**
Average no. of employees [1] over the year ((A + B)/2)			
Research and development	46.0	58.5	64.5
General and administrative expenses	14.5	17.5	22.5
Total	**60.5**	**76.0**	**87.0**

[1] As is standard, this calculation only includes full time or part-time employees working 80% or more of the time.

Employee expenses (salary and social costs) divided by the average number of employees over the year, i.e. the average cost per employee, showed an amount of 67 thousand euros, 73 thousand euros and 72 thousand euros per employee for the fiscal years ending on December 31, 2006, 2007 and 2008, respectively.

In 2004, we were awarded the status of *Jeune Entreprise Innovante*. Up until December 31, 2006, this allowed the Company to benefit from social security cost exemptions for employees involved in research projects. The savings in employee expenses resulting from this status is estimated to be 681 thousand euros for the fiscal year ending on December 31, 2006, in the form of exemptions for social contributions for employees working on our research and development projects. In accordance with current legislation, this status ended at the closing of fiscal year preceding the 8th anniversary of the Company, i.e. on December 31, 2006.

Between 2006 and 2007, the increase in employee costs and the average cost per employee is explained primarily by the end of the *Jeune Entreprise Innovante* status. Between 2007 and 2008, the increase in employee benefits other than share-based compensation was due primarily to the increase in headcount.

Share-based compensation

Share-based compensation came to 1.2 million euros, 1.3 million euros and 1.6 million euros for the fiscal years ending on December 31, 2006, 2007 and 2008, respectively. These are costs associated with the potential compensation given to managers, employees and consultants through stock-options, warrants and free shares which would give them ownership in our share capital in the future. This potential, non-cash compensation, is accounted as an expense in accordance with the IFRS 2 standard.

In 2008, these costs comprise a 10% additional employer social contribution paid by the Company on the fair value of the free shares distributed, for a total amount of 230 thousand euros.

Depreciation and amortization

These costs came to 236 thousand euros, 587 thousand euros and 412 thousand euros for the fiscal years ending on December 31, 2006, 2007 and 2008, respectively. They consist in amortization charges for laboratory equipment. In 2007, the increase in depreciation is explained by investments in laboratory equipment made between the end of 2006 and 2007 for about 1.3 million euros and by a specific depreciation for equipment existing in the former premises which may be lost as the Company moved to its new premises at the end of 2008.

Other income and expenses, net

We had a net cost of 189 thousand euros, 195 thousand euros and 261 thousand euros for the fiscal years ending on ending December 31, 2006, 2007 and 2008 respectively. Other income and costs include taxes as well as exceptional income and expenses. In 2007 and 2008, the increase in this line item is primarily the result of taxes on wages, which itself is linked to the increase in payroll.

Net financial income:

Our net financial income came to 1,198 thousand euros, 173 thousand euros and 1,154 thousand euros for the fiscal years ending on December 31, 2006, 2007 and 2008, respectively.

Thus far, we have not relied much on bank loans or lease-financing and have had positive banks balances, a situation which explains our net positive financial income in the period under review. Our cash investment policy favours the absence of risk on principal and, wherever possible, guaranteed minimum performance. We invest mostly in money market financial instruments.

The average balance of current cash investments and current financial instruments was 39.0 million euros, 55.3 million euros and 42.3 millions euros for the fiscal years ending on December 31, 2006, 2007 and 2008, respectively [*].

[*] *For the purposes of this analysis, the average balance of current cash investments and financial instruments for the period is defined as the arithmetical average of the cumulative balance for these items between the beginning and the end of the fiscal year.*

Corporate tax:

Because of the deficits reported for the last three fiscal years, we have not paid corporate tax. No deferred tax asset has been recorded as there is minimal likelihood of recovery. The research tax credit is not a corporate tax income according to IFRS. It is booked directly as operating revenue.

Net income / (loss) per share:

The net loss per authorized and issued share came to 0.34 euros, 0.36 euros and 0.38 euros for the fiscal years ending on December 31, 2006, 2007 and 2008, respectively.

Balance sheet items:

Cash, cash equivalent and current financial instruments amounted to 33.8 million euros as of December 31, 2008, compared with 50.8 million euros as of December 31, 2007 and 59.8 million euros as of December 31, 2006. Based on 25.9 million shares outstanding on December 31, 2008, the cash, cash equivalent and current financial instruments amounted to 1.31 euros per share at that date.

Since its incorporation in 1999, the Company has been primarily financed by issuing new securities. The Company has also generated cash flow from its licensing activities (mostly in relation to the agreements with Novo Nordisk A/S), government financing for research expenditure and repayable government financing (Oséo-Anvar). Financial debt amounted to 8.4 million euros as of December 31, 2008, out of which 5.2 million euros in relation to the long-term financing of property and equipment.

The other key balance sheet items as of December 31, 2008 were as follows:

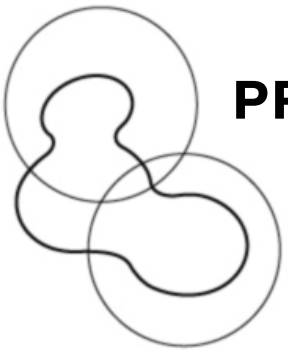
- Prepaid consumables amounted to 3.6 million euros (vs. 1.6 million euros as of December 31, 2007). These are drug substances, drug products or materials paid for but not yet consumed at the closing date. As at December 31, 2008, they include 2.5 million euros of materials transferred from Novo Nordisk A/S in the context of the acquisition by the Company of the rights to IPH 2101 during the fourth quarter of 2008.
- Receivables from the French government on research tax credits (for the years 2005, 2007 and 2008) amounted to 10.4 million euros, out of which 6.0 million euros were refunded in early 2009. The balance is expected to be refunded later during 2009.
- Prepaid income (in trade payables) amounted to 1.5 million euros, in relation to the strategic alliance signed with Novo Nordisk A/S in March 2006. This prepaid income will be recognized in revenue during 2009.

Risk factors:

Risk factors affecting the Company are presented in paragraph 4 of the latest “Document de Référence” registered by the French stock-market regulator, the “Autorité des Marchés Financiers” on March 21, 2008 under the reference number R. 08-014.

Annual financial report for 2008 and “Reference Document”:

The Company intends to file its 2008 annual financial report as well as its ”Reference Document” for the year so that these documents are made public in the second quarter of 2009.



PRESS RELEASE

innate pharma

About Innate Pharma

Innate Pharma S.A. (the "Company") is a clinical stage biopharmaceutical company developing first-in-class immunotherapy drugs for cancer and other severe diseases. Founded in 1999, it was initially listed on NYSE-Euronext in Paris in 2006.

The Company has a significant expertise in bringing novel targets to the clinical proof-of-concept trials of drug candidates. It currently has seven proprietary drug-candidates (two of which in clinical trials) and two programs out-licensed to Novo Nordisk A/S.

Based in Marseilles, France, Innate Pharma had 89 employees as at December 31, 2008.

Learn more about Innate-Pharma at www.innate-pharma.com

Practical Information

ISIN code	FR0010331421
Ticker code	IPH

Disclaimer

This press release, and the information contained herein, does not constitute an offer to sell or a solicitation of an offer to buy or subscribe for shares in Innate Pharma in any country.

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APPENDIX

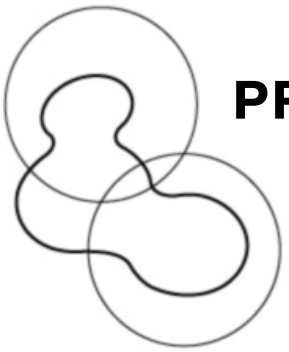
Innate Pharma SA

Unaudited consolidated financial statements as at December 31, 2008.

Fiscal year 2008

The following unaudited consolidated balance sheet, income statement and statement of cash flows are prepared in accordance with International Financial Reporting Standards.

The unaudited consolidated financial statements have been approved by the Company's Executive Board on February 18, 2009. These statements were reviewed by the Company's Supervisory Board on February 18, 2009 and will be submitted for approval to the Shareholders' General Meeting on June 23, 2009.

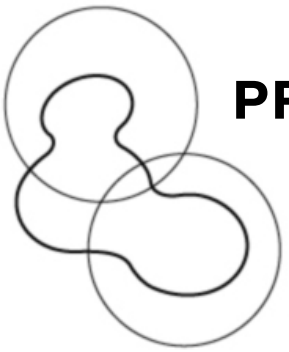


PRESS RELEASE

innate pharma

Balance Sheet - Unaudited
(in thousands of euros)

	At December 31		
	2006	**2007**	**2008**
Assets			
Current Assets			
Cash and cash equivalents	6,159	2,482	10,885
Current financial instruments	53,664	48,301	22,947
Current receivables and prepayments	4,450	4,812	18,377
Total current assets	**64,273**	**55,595**	**52,209**
Non-current assets			
Non-current receivables	3,765	5,896	-
Property and equipment	774	1,517	8,523
Other non-current assets	442	145	130
Total non-current assets	**4,982**	**7,558**	**8,653**
Total assets	**69,255**	**63,153**	**60,862**
Liabilities			
Current liabilities			
Trade payables	9,452	9,670	9,721
Financial liabilities	585	826	2,073
Provisions	—	51	1,025
Total current liabilities	**10,037**	**10,546**	**12,819**
Non-current liabilities			
Conditional subsidies and grants	—	—	92
Financial liabilities	2,723	2,821	6,369
Defined benefit obligations	126	180	241
Total non-current liabilities	**2,849**	**3,001**	**6,702**
Shareholders' equity			
Capital and reserves attributable to equity holders of the Company			
Share capital	1,249	1,259	1,296
Share premium	81,265	82,808	84,105
Retained earnings	(20,213)	(26,256)	(35,162)
Net income (loss)	(6,042)	(8,918)	(9,852)
Other comprehensive income	110	713	954
Total capital and reserves attributable to equity holders of the Company	**56,369**	**49,606**	**41,341**
Total liabilities and equity	**69,255**	**63,153**	**60,862**

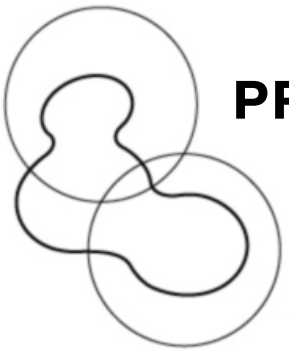


PRESS RELEASE

innate pharma

Income Statement - Unaudited
(In thousands of euros)

	Year ended December 31		
	2006	**2007**	**2008**
Revenue from collaboration and licensing agreements	6,195	8,688	7,364
Government financing for research expenditures	2,275	5,602	5,474
Non-core services	7	—	86
Operating revenue	**8,477**	**14,290**	**12,924**
Cost of supplies and consumable materials	(2,201)	(2,766)	(2,558)
Intellectual property expenses	(943)	(993)	(882)
Other purchases and external expenses	(6,907)	(12,007)	(11,947)
Employee benefits other than share-based compensation	(4,053)	(5,573)	(6,296)
Share-based compensation	(1,187)	(1,260)	(1,574)
Depreciation and amortization	(236)	(587)	(412)
Other income and (expenses), net	(189)	(195)	(261)
Net operating expenses	**(15,716)**	**(23,381)**	**(23,930)**
Operating income (loss)	**(7,239)**	**(9,091)**	**(11,006)**
Financial income / (expense), net	1,198	173	1,154
Net income (loss) before tax	**(6,042)**	**(8,918)**	**(9,852)**
Income tax expense	—	—	—
Net income (loss)	**(6,042)**	**(8,918)**	**(9,852)**
Net income (loss) per share attributable to equity holders of the Company:			
(in € per share)			
- basic	(0.34)	(0.36)	(0.38)
- diluted	(0.34)	(0.36)	(0.38)



PRESS RELEASE

innate pharma

Statement of cash flows - Unaudited
(In thousands of euros)

	Year ended December 31		
	2006	**2007**	**2008**
Cash flows from operating activities			
Net income (loss)	(6,042)	(8,918)	(9,852)
Adjustments to reconcile net loss to net cash from operating activities:			
Depreciation and amortization	298	536	539
Provisions for charges and defined benefit obligations	49	105	846
Share-based compensation	1,187	1,260	1,344
(Gains) / losses on asset disposals	—	7	11
Changes in working capital:			
Current receivables and prepayments	(1,584)	(362)	(13,576)
Non-current receivables	(974)	(2,131)	5,896
Trade payables	7,425	222	51
Net cash generated from / (used in) operating activities	**360**	**(9,282)**	**(14,741)**
Cash flows from investing activities			
Acquisition of property and equipment	(370)	(1,296)	(1,902)
Changes in other non-current assets	(382)	304	375
Purchase of current financial instruments	(99,449)	—	(15,913)
Disposal of current financial instruments	61,209	5,966	41,460
Cash collateral in relation to a lease-financing	—	—	(1,500)
Net cash generated from / (used in) investing activities	**(38,992)**	**4,974**	**22,521**
Cash flows from financing activities [1]			
Net proceeds from issuance of share capital	41,493	293	—
Increase in financial liabilities	881	1,047	1,449
Debt repayment	(169)	(708)	(826)
Net cash generated from financing activities	**42,206**	**631**	**623**
Net increase / (decrease) in cash and cash equivalents	**3,574**	**(3,677)**	**8,403**
Cash and cash equivalents at the beginning of the year	2,585	6,159	2,482
Cash and cash equivalents at the end of the year [2]	**6,159**	**2,482**	**10,885**
(1) Acquisitions through finance lease with no impact on cash flow	*(1)*	*(1,089)*	*(5,601)*
(2) Does not include current financial instruments	*53,664*	*48,301*	*22,947*